

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION, *et al.*,¹

Debtors.

Chapter 11

Case No. 18-23538 (RDD)
(Jointly Administered)

Re: Docket Nos. 3298

**DECLARATION OF MICHAEL S. OWENDOFF IN SUPPORT OF OBJECTION
OF SITE CENTERS CORP. TO NOTICES OF ASSUMPTION
AND ASSIGNMENT OF ADDITIONAL DESIGNATABLE LEASES**

I, Michael S. Owendoff, declare:

1. I am the Deputy General Counsel for SITE Centers Corp. ("SITE"). SITE is the managing agent for the owners (the "Landlords") of the leased premises (the "Leased Premises") listed on **Exhibit A**. The Landlords are subsidiaries of Retail Value Inc. The Landlords are the landlords to the above-captioned Debtors, as tenants, with respect to the Leased Premises.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); SHC Licensed Business LLC (3718); and SHC Promotions LLC (9626). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

2. Based at SITE's Beachwood, Ohio headquarters, I am responsible for transactional matters related to SITE's portfolio of owned and managed shopping centers, including the Leased Premises. I am familiar with SITE's asset portfolio, documents, and business records, and I (and those working with me and at my direction) have been personally involved in various capacities in connection with shopping center asset acquisition, management, leasing, and disposition. Overall, I have over twenty years of experience in the retail real estate industry.

3. This declaration is submitted in response to the Notice of Assumption and Assignment filed at Docket No. 3298 (the "Assignment Notice"). Pursuant to the Assignment Notice, Transform Holdco, LLC ("Transform"), the buyer of substantially all of the Debtors' assets, has designated the Lease for assignment to Transform Operating Stores (the "Assignee").

4. In connection with my role, I am one of the custodians of records of the Landlords' books, records, and files relate to the use and occupancy of retail premises at the Leased Premises. I am personally familiar with the Leased Premises, all of which are located in shopping centers. The Leases are not attached to this declaration given the volume of the documents but can be produced upon request. If called upon to testify in this proceeding as to the matters set forth in this declaration, I could and would competently testify thereto, since the facts set forth herein are personally known to me to be true.

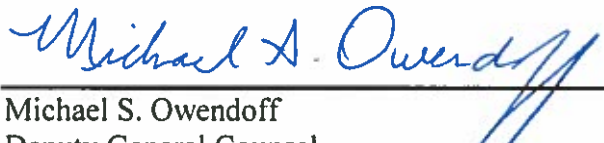
5. All of the Leased Premises are located in "shopping centers" as that term is used in the Bankruptcy Code. I understand that when determining whether a lease is in a shopping center, courts generally consider whether there are a combination of leases, whether all leases are held by a single landlord, the presence of a common parking area, and the contiguity of retail stores. The Leased Premises satisfy these requirements. The websites listed on **Exhibit A** provide details as

to the tenant list and location of the Leased Premises, the total retail space in square feet, the number of retailers located in each shopping center, and the site plan.

6. In the ordinary course of its business, SITE and its affiliates, including the Landlords, require credit enhancements, in the form of security deposits, letters of credit and third party guaranties when leasing (or assessing a proposed assignment of a lease) to certain companies based on their financial information and history. In the case of a newly formed company, particularly a recently-capitalized "newco" created for the purpose of acquiring distressed assets, the Landlords would seek security in the form of cash deposits or letters of credit covering monetary obligations under assigned leases. Alternatively, or in combination with such deposits, when faced with a potential lease assignment to a "newco," the Landlords would typically seek a continuing guaranty of lease obligations from a parent company with sufficient assets to meet those guaranty obligations.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: May 3, 2019



Michael S. Owendoff
Deputy General Counsel
SITE Centers Corp.

EXHIBIT A

<u>Store No.</u>	<u>Mall Name</u>	<u>Location</u>	<u>Website</u>
7570	Plaza Rio Hondo (Kmart)	Bayamon, PR (Rio Hondo)	https://retailvalueinc.com/disposition-properties
7566	Plaza Del Atlantico (Kmart)	Arecibo, PR (Atlantico)	https://retailvalueinc.com/disposition-properties
2355	Plaza Del Norte	Hatillo, PR (Plaza Del Norte)	https://retailvalueinc.com/disposition-properties